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EIC-M-3
10 August 1951

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ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in
Room 2101 "M" Building
Central Intelligence Agency, on 9 August 1951

PRESENT:

Dr. Max F. Millikan, CIA, Chairman
Mr. John Easton, JCS
Mr. Henry Brodie, State
Mr. Howard Wiedemann, State
Mr. Fred Sanderson, State
Mr. John F. Kullgren, Army
Lt. Colonel George B. Russell, Army
Commander Donald C. Deane, Navy
Dr. James T. Lowe, Air Force
Dr. Joseph D. Coker, Air Force
Mr. James A. McCullough, ECA
25X1A9a [redacted] CIA, Secretary
[redacted] CIA

Approval of Minutes

1. Action: The minutes of the meeting of 26 July 1951 (EIC-M-2) were approved.

Discussion of Subcommittee Chairmen

2. Action: The following persons were designated as subcommittee chairmen:

Mr. Nordbeck (State) - Subcommittee on Requirements and Facilities for Collation

25X1A9a [redacted] (CIA) - Subcommittee on Petroleum

Lt. Col. Cowart (Army)- Subcommittee on Transportation

Report on the Progress of Subcommittees - General

3. Action: The Committee asked that either Dr. Millikan or the Secretariat warn subcommittee chairmen that items requiring certain special clearances should not be discussed or alluded to in any way.

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4. Discussion: Dr. Millikan cited two general problems that hamper subcommittee operations - (a) the inability of subcommittee members to speak for their agency on certain matters; and (b) the existence of obstacles to the exchange of working papers among individual members. It was felt that the first problem could be partially resolved through distribution of the agenda sufficiently in advance of the meeting to permit consultation with superiors; and that the second difficulty could be minimized if EIC members would attempt to make arrangements within their own agencies to facilitate the release of working papers to cleared personnel with a need to know. A-2 suggested that Colonel Hall or Dr. Allen, in Target Research, be contacted on requests for such papers.

Subcommittee on Requirements and Facilities for Collation

5. Discussion: This subcommittee held its first meeting on 7 August. At that meeting, Dr. Millikan outlined its mission and suggested that the first order of business might be (a) the preparation of its terms of reference; and (b) the preparation of requirements for the State Department Division of Foreign Reporting. The subcommittee asked that representatives from that Division discuss the matter with subcommittee members in order to provide guidance for requirements statements. The subcommittee also suggested the present deadline of 1 October 1951 for submission of Foreign Reporting requirements was probably unrealistic but that they should proceed to prepare requirements area by area as quickly as possible. Three persons were appointed to prepare terms of reference and CIA agreed to prepare a sample requirements form.

Subcommittees on Petroleum and Transportation

6. Discussion: There have been no meetings of these subcommittees. CIA has contacted Admiral Biggs of the Munitions Board in regard to the proposed Petroleum Advisory Panel of the EIC. Admiral Biggs emphasized the need for such a group and expressed a willingness to serve as a member. Arrangements are under way to contact other persons who might also serve on this Panel including Mr. Snodgrass of Petroleum Administration for Defense and Messrs. Ortez and Akins of State.

Subcommittee on Agriculture

7. Discussion: It was announced that an organizational meeting of this subcommittee would be held that afternoon (9 August).

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Working Group on the Economy of Western Europe

8. Action: The Committee asked Dr. Millikan to meet with the Deputy Administrator, ECA, to request a written contribution to NIE-40 from the ECA machinery section.

9. It was agreed that the Subcommittee on Agriculture should be asked to prepare the food and agricultural sections for NIE-40. CIA is to transmit these instructions to the Subcommittee.

25X1A9a 10. The Committee requested Dr. Millikan to contact [redacted], Assistant Director for Scientific Intelligence, CIA, to determine what office might best provide the atomic energy sections of NIE-40.

11. The JCS representative, Mr. Easton, was asked to check with WSEG (Weapons Systems Evaluation Group) to determine whether a recent WSEG report generally relating in content to NIE-40, could be made available to the Working Group. Mr. Easton agreed to report his findings either to Mr. Sanderson or the EIC Secretariat.

12. The Secretariat was asked to request the following from the Assistant Director for National Estimates, Dr. Langer:

a. Postponement of the deadline on NIE-40 until 17 November 1951.

b. A determination of whether Greece and Turkey are included in the terms of reference for NIE-40.

c. A determination of whether contributions to NIE-40 are to include:

(1) the probable developments in Western European production during a two years' period following its acquisition by the USSR;

(2) an analysis of Soviet production; and

(3) an analysis of World War II production.

If the answer to any of these is in the affirmative, then the Secretariat is to ask Dr. Langer if he would consult with the Navy representative associated with NIE-40 in order to clarify the situation.

25X1A9a 13. It was the sense of the meeting that NIE-40 would delay the NIS programs of both the Army and the Navy. In view of this conflict of interest, the Committee asked [redacted] to raise the question in the next IAC meeting of the relative priority between these two efforts. In

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addition Dr. Millikan was requested to raise the general issue of the relative priority between the NIS program and special projects requested by such groups as the National Security Council, the Intelligence Advisory Committee, the Joint Chiefs of Staff, and the Office of National Estimates. The Navy, Army and Air representatives were to present the facts on this conflict of interests to Mr. Sanderson who, together with the Secretariat, was to present a memorandum on the subject to Dr. Millikan.

14. The representatives concerned agreed to go forward with their work on NIE-40 pending responses to the aforementioned questions from the IAC and the Office of National Estimates. The Committee instructed the Working Group to proceed with its study.

15. Discussion: Mr. Sanderson (State), Chairman of this group, reported that four meetings had been held during which terms of reference for NIE-40 had been prepared and some production responsibilities had been allocated.* He further stated that, although the project was developing satisfactorily, there were the following unresolved problems:

a. No agency is able to provide the information required on machinery in Western Europe. ECA is the only agency really competent to handle this request and its present workload will not permit it to provide any assistance other than access to files and discussions with knowledgeable personnel. It was suggested that Dr. Millikan contact the Deputy Administrator of ECA to see what could be done about this.

b. Assignments for preparation of the food and agriculture section of NIE-40 had not been allocated. Mr. Sanderson suggested that these be turned over to the EIC Subcommittee on Agriculture.

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c. The sections on atomic energy had not been assigned. It was suggested that on this matter Dr. Millikan see [redacted], Assistant Director for Scientific Intelligence. It was further suggested that Dr. Millikan might also see Dr. Woodruff of the Joint Atomic Energy Committee.

d. It is impossible to do a satisfactory job on NIE-40 within the present time limit. It was suggested that ONE be asked for a one-month postponement with a new due date of 17 November.

e. The Working Group was not certain as to whether or not Greece and Turkey were to be included in the study.

f. The Working Group has been unable to get a copy of an Air Force working paper dealing with the same general subject as NIE-40. Mr. Sanderson asked for EIC assistance in securing the document. Dr. Lowe, A-2, indicated that this was probably a WSEG study.

* Copies of the terms of reference and tentative allocation of responsibilities were distributed at the meeting for EIC approval.

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16. Commander Deane (Navy) raised the following questions about the scope of the study as outlined by the Working Group:

a. Do the terms of reference for NIE-40 as agreed to by the IAC call for an analysis of Western European production for the two-year period following the assumed Soviet acquisition of the area (i.e. through 1954)? Commander Deane felt that the terms of reference do not call for this data.

b. Do these terms of reference require an analysis of the Soviet bloc?

c. Do the terms of reference require an analysis of World War II production to determine what the Germans were able to do with its conquered territories?

The EIC representatives agreed that these questions should be submitted to the Office of National Estimates.

Proposed Subcommittee on the Economic Analysis of Markings

17. Action: Dr. Millikan was asked by the Committee to meet with appropriate officials of the JMIA (Joint Materials Intelligence Agency) 25X1B4d to express EIC's interest in the economic analysis of [redacted] and to discover how the Committee or its subcommittees might be of assistance to the JMIA.

25X1A9a 18. Discussion: CIA reported that [redacted] (CIA) is engaged in collecting and analyzing [redacted] and is working in close conjunction 25X1B4d with persons in other agencies. CIA stated that [redacted] would like to 25X1A9a have these associations with other agencies formalized through the establishment of an EIC subcommittee. CIA further indicated that it conceives of its role in this field as one of common concern. In this role it is currently 25X1B4d attempting to set up a central file of [redacted] photographs and also hopes to provide central services for photographic equipment, photographic techniques, and analytic methods. Mr. Kullgren, Army, read excerpts from the JMIA terms of reference and concluded that in some respects the functions of this group conflicted with the functions which CIA intended to perform 25X1A9a through the proposed subcommittee. In view of [redacted] remarks, the Committee felt that Dr. Millikan should discuss the matter with the appropriate officials of the JMIA.

CIA's Role in Economic Intelligence Production

19. Discussion: The following three papers which were distributed to the Committee by CIA were discussed briefly by Dr. Millikan:

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a. The Role of ORR in Economic Intelligence

b. Preliminary Basic Inventory of Economic Intelligence Concerning the USSR

c. List of Countries and Subjects covered in ORR's contribution to NIE-33.

Not all of the reports listed in b and c are presently available. However, all of the projects listed in c will be ready for distribution in a couple of weeks and can be requested through [redacted] code 143, extension 2763.

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Plans for the Next EIC Meeting

20. Action: In order to take up some of the outstanding items on the agenda, the Committee agreed to meet the following week on Thursday (16 August) at 2:00 p.m.

25X1A9a [redacted]
Secretary
Economic Intelligence Committee

[redacted]

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